

# PressRelease

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FOR IMMEDIATE RELEASE

## **Commission approves ScottishPower's plan to buy PacifiCorp** *Merger represents first proposed buyout of a U.S. utility by a foreign power*

**OLYMPIA, Wash.** -- ScottishPower, the United Kingdom's largest electric company, received a unanimous approval today from state regulators for its proposed acquisition of Portland, Ore.-based PacifiCorp.

The Washington Utilities and Transportation Commission (WUTC) endorsed ScottishPower's plan to purchase PacifiCorp saying the merger is in the public interest. The merger is expected to improve customer service and benefit ratepayers.

The three-member WUTC determined that commitments made as part of the merger will "provide customers with benefits unlikely to occur in the absence of the transaction."

Under the commission's adoption of ScottishPower's proposal, Washington customers of PacifiCorp could expect fewer power outages, faster response times, improved service and money-back guarantees.

In exchange for merger approval, the WUTC imposed some conditions on the new electric utility company.

- Beginning Jan. 1, 2001 through 2004, retail customers would receive a credit totaling \$12 million or 1.7 percent reduction in a customer's monthly electric bill. On average, a PacifiCorp customer in Washington pays \$66 a month for electricity.
- The company would pay customers for outages and missed appointments. For example, if the electricity goes out due to a failure in PacifiCorp's system and it's not restored within 24 hours, each residential customer would receive \$50. The company must pay business and industrial customers \$100 for a 24-hour outage. Payments to customers are not triggered by weather-related outages. The average PacifiCorp customer went without power for 68 minutes in 1997 and 90 minutes in 1998.



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- Improved customer service. Last year, PacifiCorp answered 55 percent of telephone calls within 45 seconds at the Portland business center where Washington's customers calls are routed and answered. Within 4 months after the merger is completed, the company is obligated to answer 80 percent of phone calls within 30 seconds.
- The utility is required to report back on commission-forwarded complaints within two working days, invest in system improvements and restore power within three hours 80 percent of the time. The company estimated that between 1995 and 1998, customers had their electricity restored within three hours from a low of 49 percent in 1996 to a high of 84 percent in 1997.
- The new company would spend \$6 million annually on conservation programs for three years and develop payment-assistance plans to help low-income customers reduce electricity bills, including low-income weatherization programs.
- Within five years, ScottishPower would develop renewable energy sources, such as wind or solar, capable of supplying 50 megawatts of power.

Washington is the third of six states to approve the merger. California and Oregon have already endorsed the deal. State utilities commissions in Wyoming, Idaho and Utah have yet to weigh in. The Nuclear Regulatory Commission is expected to make a decision before the end of the month. The Federal Energy Regulatory Commission, regulators in the United Kingdom and Australia have already approved the merger. Stockholders of both companies also have given the go ahead. Final approval is not expected before the end of the year. If approved, the merger would mark the first time a foreign company has purchased a major American electric-utility company.

In Washington, PacifiCorp serves more than 117,000 customers in five Southcentral to Southeastern counties: Yakima, Walla Walla, Kittitas, Garfield and Columbia, including the cities of Yakima, Toppenish, Sunnyside, Walla Walla and Dayton. PacifiCorp operates 17 coal plants and 52 hydroelectric facilities which generate 8,300 megawatts of electricity.

Glasgow-based ScottishPower agreed to buy PacifiCorp last December for \$6.3 billion. PacifiCorp is the third largest electric utility west of the Mississippi River with 1.4 million customers and about 10,000 employees in five Western states -- Oregon, Utah, Wyoming, Idaho and Washington. The combined company, which will be known as PacifiCorp in the United States, will have some 7 million customers and 23,500 employees worldwide, making it by some measures one of the world's top 10 utilities.

**Page Three**